

Message Text

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15

ACTION INT-05

INFO OCT-01 EA-06 ISO-00 OES-03 IO-10 SS-15 SP-02 L-02

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FM AMEMBASSY TOKYO

TO CINCPACREP GUAM/TTPI

INFO SECSTATE WASHDC 7786

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CINCPACREP GUAM PASS HICOM AND STATUS LNO SAIPAN FOR HICOM
AND STATUS LNO

E.O. 11652: N/A

TAGS: EINV, JA, TQ

SUBJ: PROPOSED JAPANESE INVESTMENT IN PALAU

REF: STATUS LNO 14

1. AT THEIR REQUEST, OFFICIALS OF SUMITOMO SYOJI KAISYA, LTD. (SUMITOMO GRADING COMPANY) CALLED ON EMBOFF FEBUARY 4 TO DISCUSS PROPOSED INVESTMENT IN PALAU TO CONSTRUCT OIL STORAGE FACILITY (CTS), PORT, AND, POSSIBLY, OIL REFINERY, AND TO INQUIRE RE USG VIEWS AND PROCEDURES RELATIVE TO THEIR PROPOSAL. SUMITOMO OFFICIALS EXPLAINED THEY HAD BEEN IN COMMUNICATION WITH PALAUAN CONGRESSMAN POLYCARP BASILIUS RE INVESTMENT PROPOSAL. ALTHOUGH CONGRESSMAN BASILIUS HAD INDICATED RECEPTIVITY TO PROPOSAL, HE HAD REQUESTED SUMITOMO RESTUDY PROPOSAL TO INSURE POLLUTION TO AIR AND WATER WOULD NOT RESULT FROM INVESTMENT.

2. IN RESPONSE, EMBOFF EXPLAINED USG POLICY RE FOREIGN INVESTMENT IN TRUST TERRITORY, HANDED OVER JAPANESE LANGUAGE VERSION OF TTPI PROCEDURES FOR FOREIGN INVESTORS
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AND FOREIGN INVESTORS BUSINESS PERMIT ACT, AND SUGGESTED SUMITOMO COMMUNICATE WITH TTPI ECONOMIC DEVELOPMENT DIV RE THEIR PROPOSAL.

3. IN RESPONSE TO EMBOFF'S QUESTION, SUMITOMO OFFICIALS SAID SIZE OF THEIR INVESTMENT WOULD DEPEND ON REACTION TO PROPOSAL BY TTPI AND MICRONESIAN AUTHORITIES. IF INVESTMENT MATERIALIZES, IT MIGHT BE THAT EMPLOYMENT WOULD BE OFFERED TO THREE TO FOUR HUNDRED MICRONESIANS, IF MICRONESIANS POSSESS NECESSARY SKILLS. SUMITOMO WOULD BE WILLING TO UNDERTAKE TRAINING PROGRAM FOR MICRONESIANS. PROBABLY, SOME TWO HUNDRED JAPANESE EMPLOYEES WOULD BE DISPATCHED TO PALAU TO WORK AT PROJECT. PROPOSED COMPLEX WOULD SERVICE JAPANESE MARKET. SUMITOMO OFFICIALS INDICATED THEY HAD NO KNOWLEDGE OF RECENT PACIFIC DAILY NEWS ARTILCE. ALTHOUGH SUMITOMO HAS DISCUSSED PROJECT WITH MITI, SUMITOMO HAS CLOSELY HELD ITS PLANS AND HAS NOT BRIEFED PRESS.

4. SUMITOMO OFFICIALS INDICATED COMPANY MIGHT DISPATCH SURVEY MISSION TO MOCRONESIA IN NEAR FUTURE. EMBOFF RECOMMENDED THAT SUMITOMO BY ALL MEANS COMMUNICATE WITH TTPI AUTHORITIES PRIOR TO DISPATCH OF SUCH MISSION.
HODGSON

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*** Current Handling Restrictions *** n/a

*** Current Classification *** LIMITED OFFICIAL USE

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Margaret P. Grafeld
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